



Public Private Partnership

Governor's Water Augmentation Committee
Finance Committee



May 15, 2017 Meeting

Presentation Outline

- Introduction
- Overview of Public Private Partnerships
- Alternative Project Delivery Methods
- Questions & Open Discussion

The background of the slide features a photograph of a desert landscape. In the foreground, there is a body of water, possibly a reservoir or a lake, with a rocky and grassy shoreline. In the background, there are mountains under a clear blue sky.

About EPCOR

- Builds, owns and operates water and wastewater infrastructure in the United States and Canada
- Private corporation with \$6.1 billion in assets
 - Serves over 1.9 million people in over 100 communities
 - Largest private water provider in Arizona and New Mexico
- Emerging leader in P3 project development
 - 2016: Completed City of Regina WWTP Design-Build-Finance-Operate (\$181 M)

EPCOR Operations



Public Private Partnership

Partnership between government agency and private sector company to deliver an infrastructure project.



- + Risk-sharing
- + Speed
- + Cost
- + Maintenance



- Project not delivered on time
- Exceeds cost estimates
- Technical defects

Arizona Alternative Project Delivery Methods

- HB2340 Passed April 2000
- Spring 2005 Major Amendments
 - Multiple contracts in a single procurement
 - Subcontractor selection
- Spring 2010 Major Amendments
 - Public owner record keeping
 - Disclosure requirements



Alternative Project Delivery

What is APD?

- Life cycle delivery of infrastructure
- Single point of Design-Build-O&M responsibility
- Risk transfer: cost, schedule, and performance

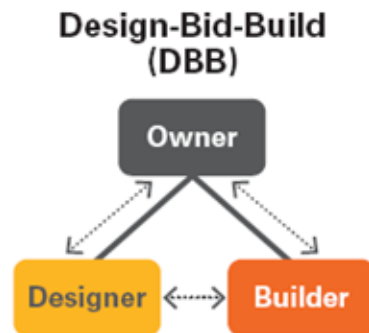
Owner Motivations

- Risk transfer and/or sharing
- Life-cycle cost certainty
- Fast track Project completion
- Efficient financial close

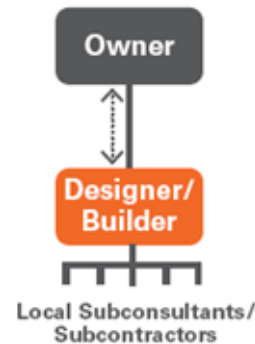
Private Value

- Long term utility operator perspective
- Project execution, financing, & compliance
- Track record of delivery and performance

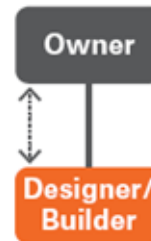
APD Delivery Options



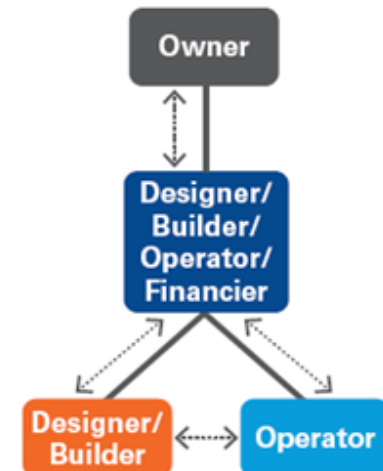
**"Progressive" Design-Build
Guaranteed Maximum
Price (GMP)**



**Lump Sum
Design-Build
(LS)**



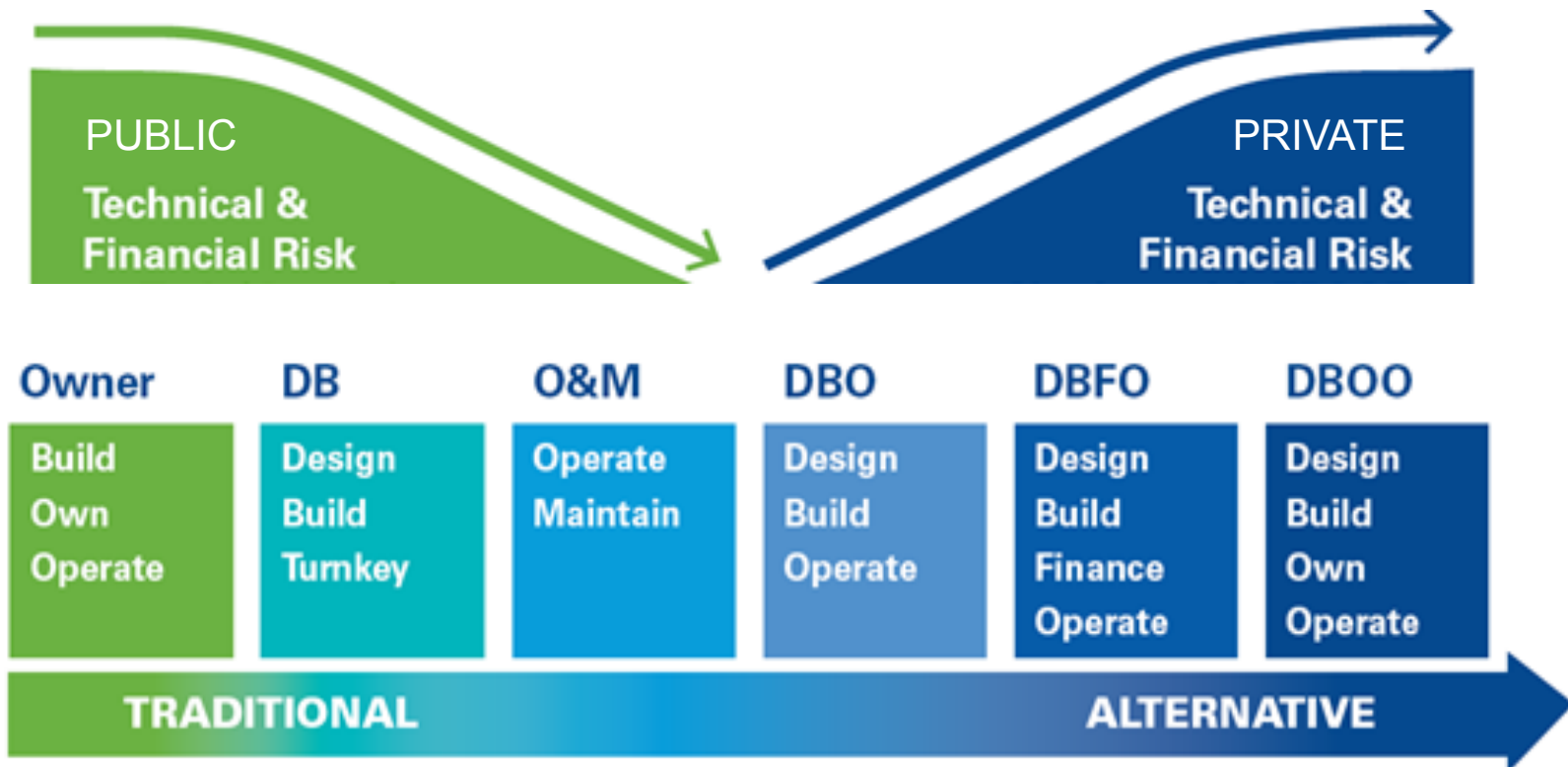
**Design-Build-
Operate/Finance
(DBO, DBFO)**



Traditional Delivery

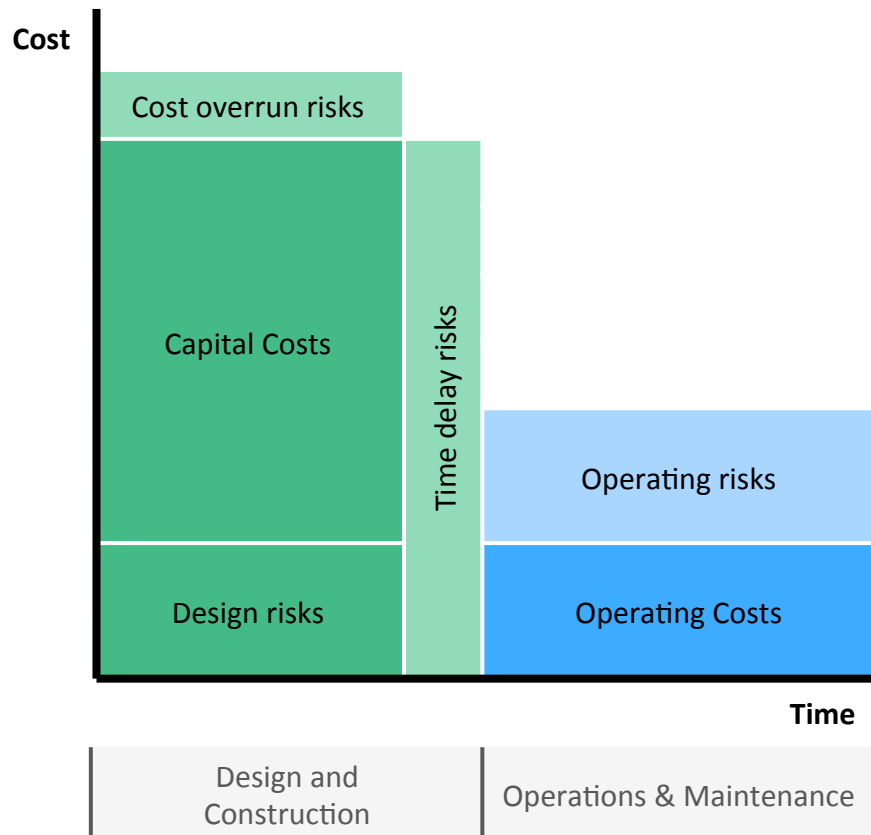
Alternative Delivery

Risk Transfer in APD

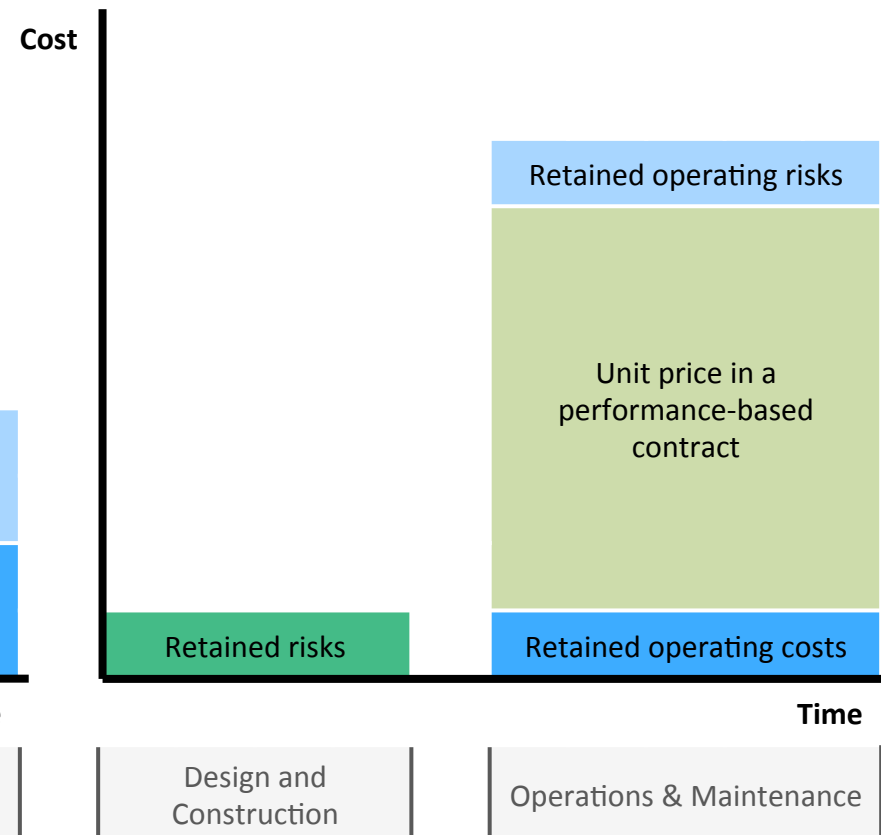


P3 Risk Allocation

Public Sector Solution (DBB)



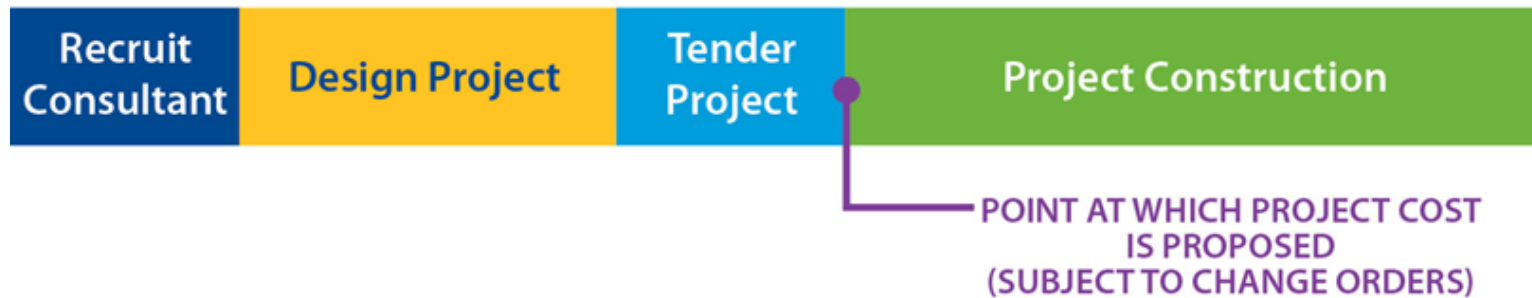
Private Sector Solution



Source: from Deloitte

Value of Schedule Flexibility

Traditional Approach

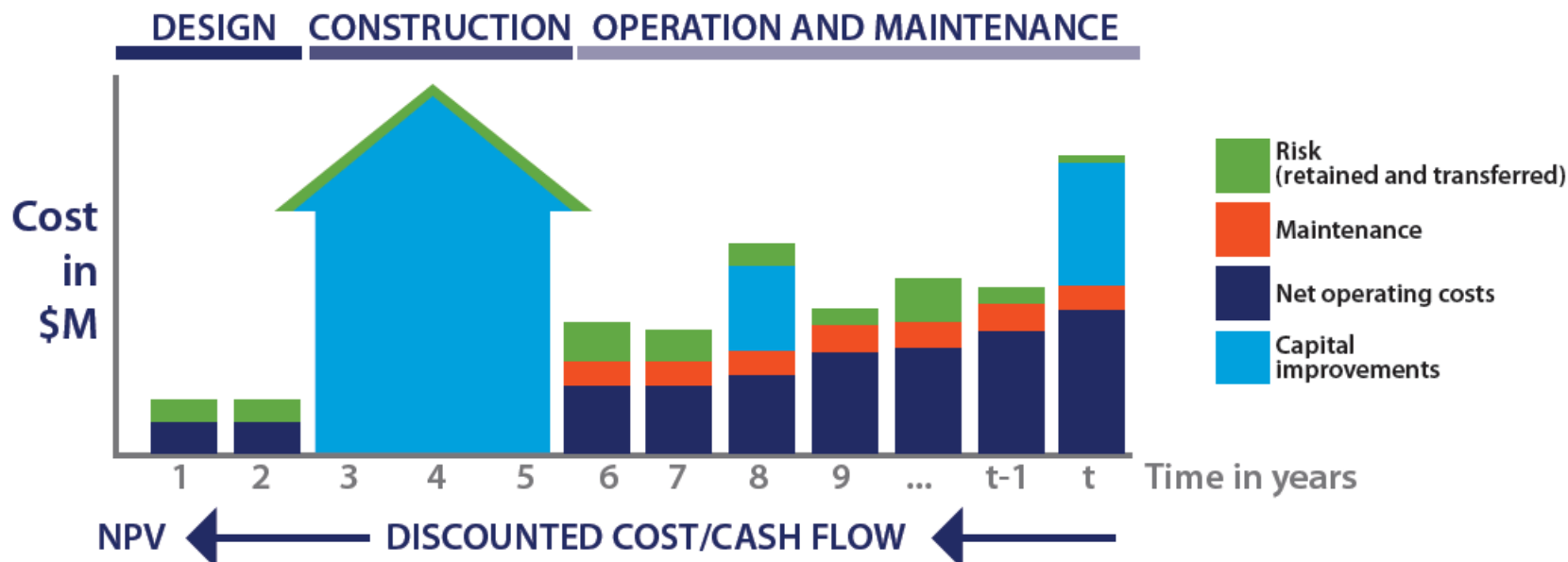


Alternate Delivery Approach



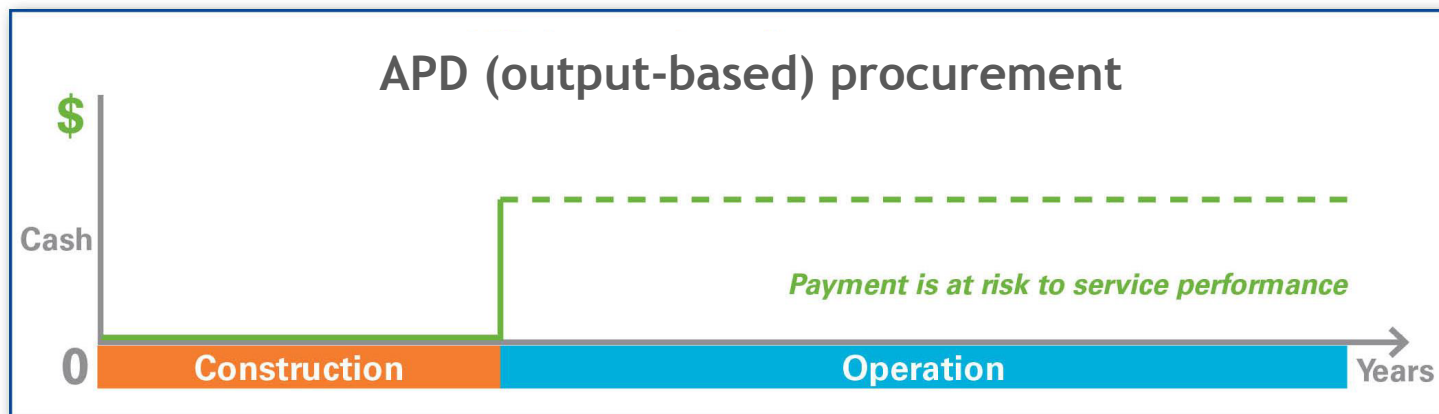
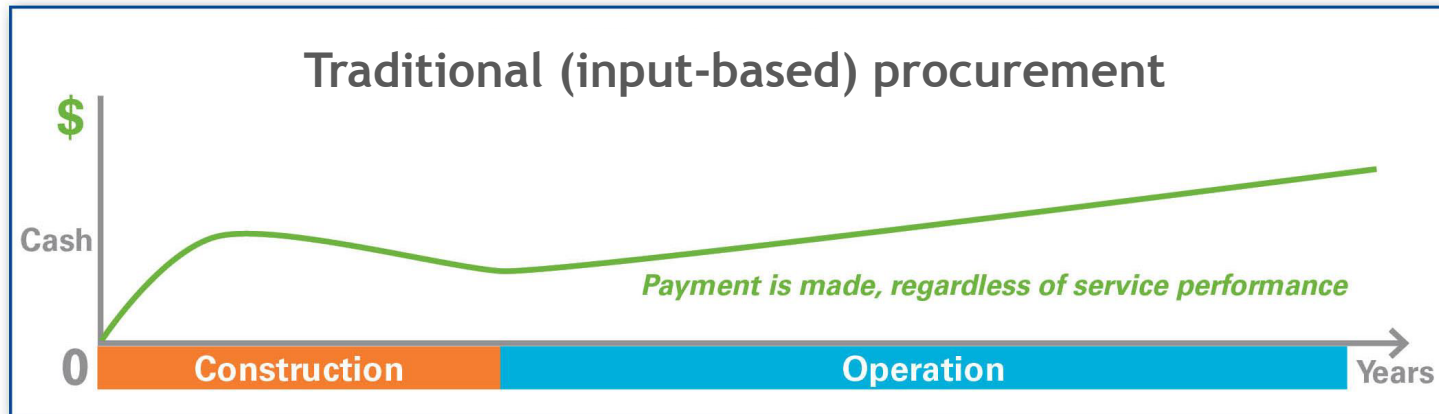
APD enables detail design and construction to happen concurrently and does not have to await financing to be in place.

Actual Costs over the Life Cycle



- Over the life cycle the project capital construction costs are only a percentage of the overall cost impact of new infrastructure—typically, capital only makes up 30% to 50% of project costs; the rest are related to financing and O&M costs
- Most projects never get priced for the entire life of the project

Procurement Implications



EPCOR Experience

Project	Year	Public Sector Proposed Cost	Private Sector Alternate Delivery Costs	Savings in Percent
City of Regina WWTP	2014	\$225 M	\$181 M	20%
Kananaskis WWTP	2012	\$62 M	\$59.6 M	4%
Town of Taber WWTP	2009	\$28 M	\$18.5 M	34%
Town of Okotoks WWTP	2007	\$24 M	\$11 M	54%
District of Sooke WW System	2006	\$27 M	\$17 M	37%
Britannia Mine WTP	2005	\$35 M	\$25 M	29%
District of Port Hardy WTP	2000	\$7 M	\$4 M	43%

QUESTIONS?

